9-310A010

TTEL 7 Pullman November 1, 1989

Itel Rail Corporation

55 Francisco Street San Francisco, CA 94133 (415) 984-4000 (415) 781-1035 Fax

13642-5

Hon. Noreta R. McGee Secretary Interstate Commerce Commission Washington, DC 20423 NOV 6 1989 -12 <u>co</u> AM INTERSTALE COMMERCE COMMISSIO:

Re: Schedule No. 5 to Master Lease No. 2197-00 dated May 5, 1988, between Itel Rail Corporation and Hartford and Slocomb Railroad Company

Dear Ms. McGee:

On behalf of Itel Rail Corporation, the above instrument, in three (3) counterparts, is hereby submitted for filing and recording pursuant to 49 U.S.C. Section 11303(a), along with the \$15 recordation fee.

Please record this Schedule under Master Lease No. 2197-00 dated May 5, 1988, between Itel Rail Corporation, as successor in interest to both Itel Rail Corporation and Itel Railcar Corporation, and Hartford and Slocomb Railroad Company, which was filed with the ICC on May 13, 1988, under Recordation No. 15642.

The parties to the aforementioned instrument are listed below:

Itel Rail Corporation (Lessor)
55 Francisco Street
San Francisco, California 94133

Hartford and Slocomb Railroad Company (Lessee) P.O. Box 2243 Dothan, Alabama 36302

This Schedule adds to the Lease Agreement seventy (70) 52'5", 70-ton, Plate C, RBL boxcars bearing reporting marks HS 11219-112288.

Please return to the undersigned the stamped counterparts not required for filing purposes, together with the ICC fee receipt and acknowledgment letter.

Very truly yours,

fatricia schumacker Patricia Schumacker Legal Assistant eo M na 11 3 vent Then out that is not en

Interstate Commerce Commission Washington, D.C. 20423

OFFICE OF THE SECRETARY

Patricia Schumacker
Legal Assistant
Itel Rail Corporation
55 Francisco St.
San Francisco, California 94133

Dear sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 11/6/89 at 12:00pm and assigned recordation number(s). 15642-S,15642-T,15642-U & 15878-A

Sincerely yours,

Noreta R. McGee Secretary

Enclosure(s)

15613-8

NOV 6 1989 -12 co AM

SCHEDULE NO. 5

INTERSTATE COMMERCE COMMISSION

THIS SCHEDULE No. 5 ("Schedule") to that certain Lease Agreement dated as of May 5, 1988, as amended ("Agreement"), between ITEL RAIL CORPORATION, as lessor ("Lessor"), and HARTFORD AND SLOCOMB RAILROAD COMPANY, as lessee ("Lessee"), is made this 13th day of (Clobe), 1989 between Lessor and Lessee.

RECITALS:

- A. Lessor and Wisconsin & Southern Railroad Company ("WSOR") were parties to the terminated Lease Agreement dated December 30, 1988 ("Lease") and Schedule No. 1 dated December 30, 1988 to the Lease, as amended ("Schedule No. 1"), pursuant to which seventy (70), RBL boxcars bearing reporting marks from within the series USLX 10191-15069 (N.S.) ("Leased Cars") were leased by Lessor to WSOR.
- B. Lessor and WSOR agreed to remark the Leased Cars to new reporting marks and numbers ("Remark") and enter into any agreement and execute the documentation with respect to such Remark.
- C. Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor the Leased Cars previously leased to WSOR.
- D. The Leased Cars are currently being remarked to bear the reporting marks of Lessee.
- E. Lessor, Lessee and WSOR have entered into The Agreement for Assigned Service dated September 21, 1989 ("WSOR Assignment"), which is attached hereto as Exhibit A.

Lessor and Lessee agree as follows:

- 1. All capitalized terms defined in the Agreement shall have the meanings defined therein when used in this Schedule No. 5, except that the term "Cars" as used herein shall only refer to the equipment described in this Schedule unless otherwise indicated.
- 2. Lessor hereby leases the following Cars to Lessee subject to the terms and conditions of the Agreement and this Schedule:

AAR Mech		Dimensions Inside Doors					No. of
Desig.	Description	Numbers	Length	Width	Height	Width	Cars
RBL	70-Ton, Plate C, Dual Air Pak Bulkheads Insulated Boxcars	HS 11219-11288	52'5"	9'4"	10′5"	16′	70

- 3. A. The term of the Agreement with respect to each Car described in this Schedule shall commence on the date such Car is remarked ("Delivery") and shall expire as to all of the Cars at the close of business on October 31, 1991 ("Initial Term").
 - B. If the Agreement has not been terminated early and no unremedied default has occurred and is continuing under the Agreement, the Agreement shall automatically be extended from calendar month to calendar month, for a period not to exceed twenty-four (24) calendar months (each such calendar month an "Extended Term"). Provided that the Cars are not subject to the WSOR Assignment, Lessor may terminate the Agreement at any time during the Initial Term or any Extended Term as to some or all of the Cars described in this schedule by providing not less than ten (10) days' prior written notice to Lessee.
- 4. To ensure optimal use of the Cars, Lessor agrees to assist Lessee in monitoring Car movements and, when deemed necessary by Lessee and Lessor, to assist in the issuance of movement orders with respect to such Cars to other railroad lines in accordance with the Interstate Commerce Commission ("ICC") and the Interchange Rules.
- 5. Lessor consents to Lessee's entering into the WSOR Assignment; provided that Lessor shall perform Lessee's duties under the WSOR Assignment, except the duties described in paragraph six therein, which shall be performed by Lessee, that Lessee shall, only upon Lessor's instructions or consent, exercise its option to terminate, extend, renegotiate or request free storage under the WSOR Assignment, and that Lessee shall, if directed by Lessor, assign Lessee's interest in the WSOR Assignment to any party designated by Lessor.
- 6. Lessor shall perform or cause to be performed and shall pay all costs and expenses associated with the maintenance of the Cars described in this Schedule, except as delegated to Lessee in Section 5 of the Agreement. With respect to the Cars listed in this Schedule, Exhibit B attached hereto is hereby added to the Agreement or substituted for Exhibit B thereto. Subsection 5.A. of the Agreement shall not apply with respect to such Cars.
- 7. Lessor agrees to reimburse Lessee, within thirty (30) days of Lessor's receipt of the receipted copy of the paid tax bill, for all taxes actually paid in cash by Lessee resulting from: 1) ad valorem tax assessments on the Cars; and 2) any assessment, levy or impost relating to any Car, the Agreement, or the delivery of the Cars, which remained unpaid as of the date of the delivery of the Cars to Lessee or which is assessed. levied or imposed during the term of the Agreement, except taxes on income or gross receipts imposed on Lessee or sales or use tax imposed on mileage charges, car hire revenue, or the proceeds of the sale or lease of the Lessor and Lessee will comply with all state and local laws requiring filing of ad valorem returns associated with the Cars. Notwithstanding any portion of this Section, Lessor shall not be responsible for penalty or interest assessments resulting from Lessee's failure to comply with any regulation or statute of any taxing or assessing authority. Lessee shall forward to Lessor upon receipt all correspondence,

notifications of proposed tax assessments and tax bills associated with any tax reimbursable by Lessor. Lessor may, in good faith and by appropriate proceedings, contest any assessment, notification of assessment or tax bill. Lessor shall assume full responsibility for all expenses, including legal fees, resulting from such contest.

8. Rent

A. <u>Definitions</u>

- (i) "Eligible Lines" is defined as the railroad lines owned and operated by Lessee as of the date this Schedule is executed by the parties. Any lines purchased by Lessee or added to the Eligible Lines or any Eligible Lines sold by Lessee to another party during the Initial Term or any Extended Term, effective on the date of such sale, are deemed to be the lines of another railroad company (a foreign road) for the purposes of determining Revenues (as defined in Subsection 8.A.(ii) hereinbelow).
- (ii) "Revenues" is defined as the total revenues that are earned or due for the use and handling of the Cars on all railroad lines other than the Eligible Lines, including, but not limited to, per diem and mileage, whether or not collected and received by Lessor, and undiminished by any claimed abatement, reduction or offset caused by any action or failure of Lessee.

В.

- C. Upon the early termination or expiration of the WSOR Assignment,
- D. (i) Should any abatement, reduction or offset occur as a result of any action or inaction of Lessee, Lessee shall, within ten (10) days of Lessor's request, reimburse Lessor the amount of such abatement, reduction or offset.
 - (ii) If, at any time during the Agreement, Lessee operates lines other than the Eligible Lines, Lessee shall supply Lessor with records which distinguish the movement of each Car on the Eligible Lines from the movement of such Car on any other lines operated by Lessee.
- E. Any agreement between Lessee and any other party with respect to the Cars ("Third Party Agreement(s)") shall be null and void without Lessor's prior written approval if such Third Party Agreement affects the revenues earned by the Cars.

- F. If, during any time that the WSOR Assignment is not in effect, any Car has remained on Lessee's property because Lessee has not given preference to the Car as specified in Subsection 3.B. of the Agreement, Lessee shall be liable for and remit to Lessor an amount equal to the revenues which would have been generated if such Car had been in the physical possession and use of a railroad for the entire period during which such Car is on Lessee's property due to such failure, with each Car traveling miles per day.
- 10. Except as expressly modified by this or any other Schedule, all terms and provisions of the Agreement shall remain in full force and effect with respect to all Cars subject to the Agreement.
- 11. This Schedule may be executed by the parties hereto in any number of counterparts, and all counterparts taken together shall be deemed to constitute one instrument.

ITEL RAIL CORPORATION	HARTFORD AND SLOCOMB RAILROAD COMPANY
By: Kohert Kieling	By: 27.7Mdin II
Title: Vice Pusident + Treasured	Title: President
Date: Ortolus 13, 1989	Date: 10-10-89

EXHIBIT A

Lot No. 2197-07

AGREEMENT FOR ASSIGNED SERVICE

RECITALS:

- A. Assignee and Itel Rail are parties to the Lease Agreement dated December 30, 1988 ("Agreement"), and Schedule No. 1 dated December 30, 1988 to the Agreement, as amended, ("Schedule No. 1") pursuant to which seventy (70), 70-ton, Plate C dual Air Pak bulkheads insulated boxcars bearing reporting marks from within the series USLX 10191-15069 (N.S.) ("Leased Cars") were leased by Itel Rail to Assignee.
- B. Pursuant to Section 13 of Schedule No. 1, Itel Rail has the option to remark the Leased Cars to new reporting marks and numbers and Assignee has agreed to enter into any agreement and execute documentation that would effect such change.
- C. The Leased Cars are currently being remarked to bear the reporting marks of Assignor.
- D. Assignor, Assignee and Itel Rail have agreed to enter into this Assignment Agreement under the same terms and conditions as provided in Schedule No. 1.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained, Assignor and Assignee agree as follows:

1. Assignor shall supply Assignee with the following equipment (the "Cars") subject to the terms and conditions of this Assignment Agreement:

AAR Mech			Dimensions Inside			Doors	No. of
Desig.	Description	Numbers	Length	Width	Height	Width	Cars
RBL	70-Ton, Plate C, Dual Air Pak Bulkheads Insulated Boxcars	HS 11219-11288	52′5″	9'4"	10′5″	16'	70

- 2. Upon Assignor's instruction, and not without Assignor's instruction, Assignee shall place the Cars into an assignment pool on Assignee's railroad lines as provided for in Car Service Rule 16 and under the provisions of Car Service Directive 145 of the Code of Car Service Rules, AAR Circular No. OT-10.
- 3. The term ("Term") of this Assignment Agreement, with respect to each Car, shall commence on the day that such Car is first interchanged onto Assignee's lines ("Delivery") and shall expire as to all of the Cars October 31, 1991.
- 4. Assignee shall comply with the handling carrier's obligations under AAR Interchange Rules while the Cars are in Assignee's possession.
- from other railroads or leased by or assigned to Assignee from other parties. Notwithstanding the foregoing, with regard to any RBL boxcars purchased by Assignee or Northern Rail Leasing Corporation ("Purchased Cars"), Assignee may load such Purchased Cars prior to the Cars. Nothing contained in this Section shall in any event prevent or prohibit Assignee from fulfilling its obligations to provide transportation and facilities upon reasonable request therefor. If any Car remains on Assignee's lines because Assignee has not given preference to the Cars as specified in this Section, Assignee shall be liable for and remit to Assignor an amount equal to the revenues which would have been generated if such Car had been in the physical possession and use of another railroad for the entire period during which such Car is on Assignee's railroad line as the result of such failure.
- 6. If any Car returns to Assignor's line as a result of Assignee not filing the assignment pool code properly, Assignee shall be responsible for all costs associated with returning such Car to Assignee. Assignor shall use its best efforts to prevent any Car from being interchanged onto its lines during the term of the Assignment Agreement, including advising Assignor's connecting carrier that the Cars have been placed into an assignment pool on Assignee's lines and that the connecting carrier should not return such Cars to Assignor during the term of the Assignment Agreement.
- 7. When used in this Assignment Agreement, each of the following terms shall have the definitions indicated:
 - a. "Eligible Lines" is defined as the railroad lines owned and operated by Assignee and the section of railroad line on the Muskego cutoff (located near Milwaukee, Wisconsin) from milepost 87.1 to milepost 93.7 which is leased from the Soo Line Railroad Company by Assignee as of the date this Assignment Agreement is executed by the parties. Any lines purchased by Assignee or added to the Eligible Lines or any Eligible Lines sold by Lessee to another party, effective on the date of such sale, during the term of the Assignment Agreement are deemed to be the lines of another railroad company (a foreign road) for the purposes of determining Revenues (as defined hereinbelow). If, at any time during the term of the Assignment Agreement, Assignee

operates lines other than the Eligible Lines, then Assignee shall supply Assignor with records which distinguish the movement of each Car on the Eligible Lines from the movement of such Car on the other railroad lines operated by Assignee.

- b. "Revenue Rates" is defined as the hourly and mileage car hire rates specified for each Car in the Hourly and Mileage Car Hire Rate Table published in the April 1989 edition of The Official Railway Equipment Register.
- c. "Revenues" is defined as the total revenues calculated at the Revenue Rates, that are earned and received or due for the use or handling of the Cars on the railroad lines other than the Eligible Lines, including but not limited to, per diem and mileage, whether or not collected and received by Assignor and undiminished by any claimed abatement, reduction or offset caused by any action or inaction of Assignee.
- 8. Assignee shall be entitled to full per diem and mileage relief for each Car while such Car is on the Eligible Lines and shall furnish interchange records to Assignor as requested.
- 9. Assignor shall due for the use and handling of the Cars ("Revenue Sharing").
- 10. Upon any abatement, reduction or offset, as set forth in Subsection 7.c. hereinabove, Assignee shall, within ten (10) days of Assignor's request, reimburse Assignor for such amount.
- 11. If, with respect to any Quarter, Assignor's Revenue Sharing is less than per Car per Quarter, then Assignor may, at any time, at its option and upon not less than ten (10) days' prior written notice to Assignee, terminate the Assignment Agreement as to any or all Cars as Assignor shall determine.
- 12. Within three (3) calendar months after the end of each Quarter, Assignor shall calculate the amount due either party for such Quarter pursuant to this Assignment Agreement. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation; provided, however, that if, following the final calculation (to be made within five (5) calendar months after the end of each calendar year that this Assignment Agreement is in effect), either Assignor or Assignee determines and demonstrates to the reasonable satisfaction of the other that any calculation required herein was incorrect, then any amount paid to either party in excess of the amounts required shall be refunded to the proper party.
- 13. During the Term, Assignor may, at its expense, replace any or all of the Cars with similar cars upon not less than ten (10) days' prior written notice to Assignee.

- 14. Assignor is responsible for normal maintenance and repair expenses except as provided below and except for any transportation costs incurred pursuant to this paragraph, which shall be at Assignee's sole expense. Assignee shall be responsible for and shall pay all costs and expenses of all repair work or other work or materials required because of (i) damage or other conditions caused by Assignee's negligence or misuse in loading or unloading, or by use other than as permitted under this Assignment Agreement; (ii) damage for which Assignee is responsible under applicable AAR Rules; (iii) Assignee's failure to note any damage to any Car that returns to its lines, the repair of which is the responsibility under AAR Rules of any third party railroad; or (iv) costs and expenses exceeding the Interior Maintenance Amount (as defined in Section 15 hereinbelow). associated with repairing, replacing or maintaining interior lading equipment, special interiors and linings or removable parts. Assignee shall promptly notify Assignor of any damage to, defect in, need of repair to, or destruction of any Car. For any damaged Car that requires repairs other than running repairs, as provided in Exhibit A attached hereto, car hire (time and mileage) shall be governed by applicable Car Hire and Car Service Rules. In no event shall Assignee place any Car for repair at a private contract repair facility, or allow repair by a private contractor on the property of Assignee without Assignor's prior approval. Any such repair must be performed under the direction and control of Assignor.
- 15. "Interior Maintenance Amount" is defined

 per Car per calendar year, for the Cars in the aggregate, prorated
 for each Car not subject to the Assignment Agreement for an entire calendar
 year at

 per month.
- 16. a. Assignee agrees to defend, indemnify and hold Assignor harmless from any and all claims, losses, damages, liabilities, costs, and expenses (including attorney's fees) with respect to, caused by, or arising out of the Cars (collectively, "Damages") which are occasioned by the fault of Assignee or occur while the Cars are in Assignee's possession or control.
 - b. Except as provided in Subsection 16.a. above, and except for those claims, losses, damages, liabilities and expenses for which Assignee shall be responsible as set forth in this Assignment Agreement, Assignor shall defend, indemnify and hold Assignee harmless from any and all loss, damage or destruction of or to the Cars, ordinary wear and tear excepted.
 - c. The indemnities and assumptions of liability contained in this Assignment Agreement shall survive the expiration or termination of the Assignment Agreement.
- 17. Upon expiration or termination of this Assignment Agreement with respect to any Car(s), Assignee shall surrender possession of such Car(s) to Assignor. Assignee shall insure that each Car returned to Assignor upon the expiration or termination of the Assignment Agreement shall be (a) in the same condition, order and repair as when delivered to Assignee, normal wear excepted, (b) in interchange condition in accordance with AAR and FRA

rules and regulations, (c) suitable for loading of the commodities allowed under the Assignment Agreement, (d) free from all accumulations or deposits from commodities transported in or on it while in the service of Assignee, and (e) free of any and all Rule 95 damage. Assignee shall remove the Cars from the provisions of Car Service Rule 16 and Car Service Directive 145, and deliver the Cars to a point on the Eligible Lines to be designated by Assignor. At Assignor's option and Assignee's expense, Assignee shall remark the Cars to bear new reporting marks to be provided by Assignor and use its best efforts to provide final outbound loads for each Car.

- 18. If Assignee is not in default under the Assignment Agreement upon the expiration of the Assignment Agreement, Assignee and Itel Rail mutually agree that Assignee may purchase all but not fewer than all of the Cars described in this Assignment Agreement, as is where is, without warranties or representations, upon the following terms and conditions: (a) Assignee shall provide to Itel Rail in writing its request to exercise the purchase option one hundred twenty (120) days prior to the end of the Term; (b) Itel Rail and Assignee will attempt to negotiate in good faith a purchase price. and if Itel Rail and Assignee have agreed upon a purchase price. Assignee shall pay to Itel Rail such purchase price within thirty (30) days after the expiration date; (c) Assignee shall be responsible for and shall pay all sales or use tax accruing as the result of such sale; (d) Itel Rail shall execute and deliver to Assignee a bill of sale upon Assignee's payment of the purchase price for the Cars. If Itel Rail and Assignee have not agreed to a purchase price upon the expiration date of this Assignment Agreement, then Itel Rail shall have no obligation under this Section 17.
- 19. Assignee's rights shall be subject and subordinate to the rights of Assignor, of any lessor, and of any owner or secured party under any financing agreement with respect to the Cars. Accordingly, following notice to Assignee from any such lessor, secured party or owner that an event of default has occurred at any time (including at a time prior to the effective date of this Assignment Agreement), and is continuing under such financing agreement, such party may require either or both that rentals and other sums due hereunder shall be paid directly to such party, and that the Cars immediately be returned to such party.
- 20. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States mail, postage prepaid, certified or registered, or when transmitted and received by telex addressed as follows:

If to Assignor:

Hartford and Slocomb Railroad Company 55 Francisco Street San Francisco, CA 94133 Attention: Manager, Car Hire Accounting If to Assignee:

Wisconsin & Southern Railroad Company 511 Barstow Street, P.O. Box A Horicon, WI 53032 Attention: President If to Itel Rail:

Itel Rail Corporation 55 Francisco Street San Francisco, CA 94133

Attention: President and Chief Executive Officer

- 21. This Assignment Agreement may not be modified, altered, or amended, except by an agreement in writing signed by the parties.
- 22. This Assignment Agreement may be executed in three counterparts and such counterparts together shall constitute one and the same contract.

HARTFORD AND SLOCOMB RAILROAD COMPANY	WISCONSIN & SOUTHERN BAILROAD COMPANY
By: 6 2 Fischer VI	By: auch = Dark
Title: President	Title: Prosident
Date: Sept. 29, 1989	Date: Sept 21-89
ITEL RAIL CORPORATION, as owner of the Cars, agrees to the terms and conditions set forth in Section 17	
By: Kokert Kelill	
Title: VICE President & Leusures)	
Date: October 4, 1989	

EXHIBIT A

Running Repairs: RBL Boxcars

Angle Cocks

Wheel Assemblies

Air Hose

Yokes

Train Line

Knuckles/Pins

Operating Levers and Brackets

Slack Adjuster

Sill Steps

Couplers

Grab Irons

Draft Gears

Brake Shoes

Coupler Gears

Brake Shoe Keys

Couple Carriers

Brake Connecting Pin

Center Plate Repair (Not Replacement of Center Plate)

Brake Head Wear Plates

Cotter Keys

Air Brakes

Roller Bearing Adapters

Hand Brakes

Air Hose Supports

Brake Beams and Levers

Load Divider Repairs (Not

Truck Springs

Replacement)

Door Hardware (Not Replacement

of Door)

EXHIBIT B

Running Repairs: RBL Boxcars

Angle Cocks

Wheel Assemblies

Air Hose

Yokes

Train Line

Knuckles/Pins

Operating Levers and Brackets

Slack Adjuster

Sill Steps

Couplers

Grab Irons

Draft Gears

Brake Shoes

Coupler Gears

Brake Shoe Keys

Couple Carriers

Brake Connecting Pin

Center Plate Repair (Not Replacement of Center Plate)

Brake Head Wear Plates

Cotter Keys

Air Brakes

Roller Bearing Adapters

Hand Brakes

Air Hose Supports

Brake Beams and Levers

Load Divider Repairs (Not

Truck Springs

Replacement)

Door Hardware (Not Replacement of Door)

STATE OF CALIFORNIA)
) ss:
COUNTY OF SAN FRANCISCO)

On this 13th day of Ctoler, 1989, before me personally appeared Robert Kiehnle, to me personally known, who being by me duly sworn says that such person is Vice Procident - Treasure) of Itel Rail Corporation, that the foregoing Schedule No. 5 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public



STATE OF ALABAMA)

COUNTY OF HOUSTON)

On this 10 day of Colour, 1989, before me personally appeared C. F. Fischer, III, to me personally known, who being by me duly sworn says that such person is President of Hartford and Slocomb Railroad Company, that the foregoing Schedule No. 5 was signed on behalf of said corporation by authority of its board of directors, and such person acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Joan Shonpson